



# **The Grosse Pointe Public School System**

**Basic Financial Statements  
and Required Supplemental Information**  
Year Ended June 30, 2005

# The Grosse Pointe Public School System

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## Independent Auditors' Report

To the Board of Education of  
The Grosse Pointe Public School System

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grosse Pointe Public School System as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grosse Pointe Public School System, as of June 30, 2005 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report under separate cover dated October 13, 2005 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information (on pages 5 - 15 and page 37) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplemental information identified in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BDO Seidman, LLP*

Certified Public Accountants

Troy, Michigan  
October 13, 2005

# **The Grosse Pointe Public School System**

## **Management's Discussion and Analysis**

This section of the 2005 annual financial report presents our discussion and analysis of the School District's financial performance during the year ended 2005. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### ***Using This Report***

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

### ***District-Wide Financial Statements***

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. Many other nonfinancial factors, such as the quality of the education provided and the safety of the schools must be considered to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services and community services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes, such as the Durant Fund, the Technology Fund and the School Services Fund. Funds are also established to show that the School District is meeting legal responsibilities for using certain taxes, grants, and other money, including the 2002 Bond Issue which is funding construction for voter-approved capital projects. The governmental funds of the School District use the following accounting approach:

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the School District's programs.

### *The School District as Trustee - Reporting the School District's Fiduciary Responsibilities*

The School District acts as the trustee for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### *The School District as a Whole*

The statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2005 and June 30, 2004:

<i>Table 1</i>	<i>Governmental Activities</i>	
	2005	2004
	(in millions)	(in millions)
<b>Assets</b>		
Current and other assets	\$ 67.0	\$ 82.1
Capital assets	52.9	35.8
<b>Total Assets</b>	<b>119.9</b>	<b>117.9</b>

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

<i>Table 1</i>	<i>Governmental Activities</i>	
	<b>2005</b>	<b>2004</b>
	<i>(in millions)</i>	<i>(in millions)</i>
<b>Liabilities</b>		
Current liabilities	12.1	12.5
Long-term liabilities	62.1	63.8
<b>Total Liabilities</b>	<b>74.2</b>	<b>76.3</b>
<b>Net Assets</b>		
Invested in capital assets - net of related debt	29.9	23.5
Restricted	1.3	1.6
Unrestricted	14.5	16.5
<b>Total Net Assets</b>	<b>\$ 45.7</b>	<b>\$ 41.6</b>

The above analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$45.7 million as of June 30, 2005. Capital assets, net of related debt, totaled \$29.9 million. This compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. The 2002 Building and Site debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets of \$1.3 million are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining net assets of \$14.5 million are unrestricted.

The \$14.5 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net assets for fiscal year 2005 compared to the changes in net assets for fiscal year 2004.

<i>Table 2</i>	<i>Governmental Activities</i>	
	<b>2005</b>	<b>2004</b>
	<i>(in millions)</i>	<i>(in millions)</i>
<b>Revenue</b>		
Program Revenue		
Charge for services	\$ 2.5	\$ 2.9
Operating grants/contributions	11.4	10.3
General Revenue		
Property taxes	29.2	26.9
State sources	63.6	62.5
Other	.8	.5
<b>Total Revenue</b>	<b>107.5</b>	<b>103.1</b>
<b>Functions/Program Expenses</b>		
Instruction	59.8	60.2
Support services	37.3	37.5
Community services	1.1	1.1
Interest on long-term debt	3.2	3.2
Unallocated depreciation	1.9	1.5
<b>Total Expenses</b>	<b>103.3</b>	<b>103.5</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 4.2</b>	<b>\$ (.4)</b>

# **The Grosse Pointe Public School System**

## **Management's Discussion and Analysis**

As reported in the statement of activities, the cost of all of our governmental activities this year was \$103.3 million. Certain activities were partially funded from those who benefited from the programs (\$2.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11.4 million). The remaining "public benefit" portion of our governmental activities was funded with \$29.2 million in taxes, \$63.6 million in State sources, and with other revenues, such as interest and general entitlements.

The Grosse Pointe Public School System experienced an increase in net assets of \$4.2 million. The net assets increased primarily as a result of ongoing operations in the School District. In total, long-term debt decreased by \$1.5 million due to current year bond principal repayments and net capital assets increased by \$17.1 million due mainly to purchases of new equipment and building and ground improvements. This increase is the result of the continued investment of bonded monies in capital projects, energy improvements and improvements for handicap access. Revenues increased \$4.4 million primarily as a result of the Sinking Fund levy of \$2.8 million and an increase in state source revenue of \$1.1 million. Net revenue increases from other sources totaled \$.5 million. Expenses decreased by \$.2 million.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and state sources constitute the vast majority of district operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available revenues.

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

### *The School District's Funds*

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being held accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$57.2 million, which is a decrease of \$14.4 million from the prior year. The changes by major and nonmajor funds are as follows:

	<i>General Fund</i>	<i>Capital Projects Fund</i>	<i>Other Nonmajor Funds</i>	<b>Total</b>
<b>Fund Balance,</b> beginning of year	\$ 14,669,069	\$ 54,232,234	\$ 2,664,595	\$ 71,565,898
Increase (decrease)	742,025	(15,658,669)	560,561	(14,356,083)
<b>Fund Balance,</b> end of year	\$ 15,411,094	\$ 38,573,565	\$ 3,225,156	\$ 57,209,815

In the General Fund, our principal operating fund, the fund balance increased by \$.7 million from last year. Revenue increased by \$2.3 million from the prior year and expenditures and operating transfers out increased by approximately \$.3 million. Revenues increased primarily from increases in state and federal sources. Expenditures remained stable. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes. The General Fund equity balance represents 16.2% of total revenue.

# **The Grosse Pointe Public School System**

## **Management's Discussion and Analysis**

The School District continued their construction projects through the use of the 2001 Energy Bond and 2002 Building and Site Bond proceeds. The Capital Projects Fund balance decreased by \$15.7 million from the prior year due primarily to expenditures for capital projects.

The other nonmajor funds increased by approximately \$.6 million during the year ended June 30, 2005.

### ***General Fund Budgetary Highlights***

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with actual amounts is provided in the required supplemental information of these financial statements.

There are no areas of significant variances between the final budget amounts and actual results.

### ***Capital Assets and Debt Administration***

#### ***Capital Assets***

As of June 30, 2005, the School District had a net investment of \$52.9 million in a broad range of capital assets, including land, construction in progress, and buildings and equipment. This amount represents a net increase of approximately \$17.1 million from the previous year.

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

	2005	2004
Land	\$ 3,613,267	\$ 3,613,267
Construction in progress	18,728,530	5,228,907
Buildings and equipment	30,522,234	26,987,414
<b>Total Capital Assets - Net</b>	<b>\$ 52,864,031</b>	<b>\$ 35,829,588</b>

This year's additions of \$17.1 million (net of current year depreciation) included technology purchases and construction funded through bond proceeds. Significant construction activity will continue during fiscal 2005 as Energy Bond and Building and Site Bond proceeds continue to be expended. We present more detailed information about our capital assets in the notes to the financial statements.

### *Debt*

At the end of this year, the School District had \$63.9 million in bonds outstanding versus \$65.4 million in the previous year. Those bonds consisted of the following:

	2005	2004
2002 Building and Site Bonds	\$ 58,375,000	\$ 59,515,000
2001 Energy Bonds	5,460,000	5,860,000

The School District's Building and Site Bond rating is "AA+" from Standard and Poor's Ratings Services and "Aa2" from Moody's Investor Services. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding unqualified general obligation debt of \$63.9 million is below the statutorily imposed limit.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

# The Grosse Pointe Public School System

## Management's Discussion and Analysis

### *Economic Factors and Next Year's Budgets and Rates*

Our elected officials and administration consider many factors when setting the School District's 2006 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006 fiscal year is 25 percent of the February 2005 and 75 percent of the September 2005 student counts. The 2005-2006 budget was adopted in June 2005, based on an estimate of students that will be enrolled in September 2004. Over 70 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the state's ability to fund local school operations. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School Board and administration are committed to having a balanced budget, and are committed to providing excellent education opportunities to our students. This fiduciary responsibility is taken very seriously in all areas of the budget.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. If actual State revenues are less than their estimates, reduction to the per pupil funding allowances may be necessary.

Per pupil general State aid funding continue to be a concern for 05-06 as it was in 04-05. The possibilities of future State categorical cuts continue to challenge the budget process.

Like all businesses, the significant increase in health care cost and the State mandated retirement contribution are specially challenging in balancing the budget.

# **The Grosse Pointe Public School System**

## **Management's Discussion and Analysis**

### ***Contacting the School District's Financial Management***

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at 389 St. Clair Avenue, Grosse Pointe, Michigan 48230.

# The Grosse Pointe Public School System

## District-Wide Statement of Net Assets

June 30, 2005

	<i>Governmental Activities</i>
<b>Assets</b>	
Cash and cash equivalents	\$ 20,537,577
Investments	31,436,328
Receivables	
Property taxes (net of allowance of \$465,824)	1,501,259
State and county programs	12,472,929
Due from fiduciary fund-net	948,333
Other	13,002
Inventories	88,771
Prepays	81,269
Capital assets - net	52,864,031
<b>Total Assets</b>	<b>\$ 119,943,499</b>
<b>Liabilities</b>	
Accounts payable	\$ 1,833,827
Salaries payable	5,648,174
Employee payroll withholdings	54,834
Accrued workers' compensation, health, dental, and visual claims	154,032
Accrued vacation pay	562,949
Deferred revenue	1,508,115
Other liabilities	107,722
Interest payable	485,861
Bonds payable, current	1,760,000
Long-term liabilities	
Bonds payable	62,075,000
<b>Total Liabilities</b>	<b>74,190,514</b>
<b>Net Assets</b>	
Investment in capital assets - net of related debt	29,949,679
Restricted for	
Debt service	1,346,658
Unrestricted	14,456,648
<b>Total Net Assets</b>	<b>45,752,985</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 119,943,499</b>

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## District-Wide Statement of Activities Year Ended June 30, 2005

		Program Revenue		Governmental
		Charges for	Operating	Activities
	Expenses	Services	Grants/ Contributions	Net (Expense) Revenue and Changes in Net Assets
<b>Functions/Programs</b>				
<b>Primary Government - Governmental Activities</b>				
Instruction	\$ 59,756,845	\$ -	\$ 11,238,220	\$ (48,518,625)
Support services	37,359,311	1,182,073	164,385	(36,012,853)
Community services	1,085,402	1,368,514	-	283,112
Interest on long-term debt	3,229,614	-	-	(3,229,614)
Unallocated depreciation	1,885,818	-	-	(1,885,818)
<b>Total Primary Government - Governmental Activities</b>	<b>\$ 103,316,990</b>	<b>\$ 2,550,587</b>	<b>\$ 11,402,605</b>	<b>(89,363,798)</b>
<b>General Revenue</b>				
Taxes				
Property taxes, levied for general purposes				19,958,614
Property taxes, levied for technology purposes				2,492,831
Property taxes, levied for debt purposes				3,919,774
Property taxes, levied for capital improvement purposes - sinking fund				2,843,941
State sources				63,561,008
Interest and investment earnings				814,355
<b>Total General Revenue</b>				<b>93,590,523</b>
<b>Change in Net Assets</b>				<b>4,226,725</b>
<b>Net Assets, beginning of year</b>				<b>41,526,260</b>
<b>Net Assets, end of year</b>				<b>\$ 45,752,985</b>

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## Governmental Funds Balance Sheet June 30, 2005

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 8,278,173	\$10,909,404	\$ 1,350,000	\$ 20,537,577
Investments	6,179,201	23,197,794	2,059,333	31,436,328
Receivables				
Property taxes (net of allowance of \$465,824)	1,105,158	-	396,101	1,501,259
State and county programs	12,472,929	-	-	12,472,929
Due from other funds	-	5,352,236	2,294,041	7,646,277
Due from fiduciary fund	948,333	-	-	948,333
Other	-	398	12,604	13,002
Inventories	88,771	-	-	88,771
Prepays	81,269	-	-	81,269
<b>Total Assets</b>	<b>\$ 29,153,834</b>	<b>\$ 39,459,832</b>	<b>\$ 6,112,079</b>	<b>\$ 74,725,745</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,455,538	\$ 346,859	\$ 31,430	\$ 1,833,827
Salaries payable	5,617,249	-	30,925	5,648,174
Employee payroll withholdings	54,834	-	-	54,834
Accrued workers' compensation, health, dental, and visual claims	154,032	-	-	154,032
Accrued vacation pay	553,088	-	9,861	562,949
Due to other funds	4,292,867	539,408	2,814,002	7,646,277
Deferred revenue	1,507,530	-	585	1,508,115
Other liabilities	107,602	-	120	107,722
<b>Total Liabilities</b>	<b>13,742,740</b>	<b>886,267</b>	<b>2,886,923</b>	<b>17,515,930</b>
<b>Fund Balances</b>				
Reserved				
Inventories	88,771	-	12,604	101,375
Debt service	-	-	1,346,658	1,346,658
Capital Projects	-	38,573,565	1,197,361	39,770,926
Unreserved				
Undesignated	15,322,323	-	668,533	15,990,856
<b>Total Fund Balances</b>	<b>15,411,094</b>	<b>38,573,565</b>	<b>3,225,156</b>	<b>57,209,815</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,153,834</b>	<b>\$ 39,459,832</b>	<b>\$ 6,112,079</b>	<b>\$ 74,725,745</b>

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## Reconciliation of Governmental Fund Balances to Governmental Net Assets Year Ended June 30, 2005

<b>Fund Balances - Total Governmental Funds</b>	\$ 57,209,815
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	82,362,329
Accumulated depreciation	(29,498,298)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(63,835,000)
Accrued interest payable is not included as a liability in governmental funds	(485,861)
<b>Net Assets of Governmental Activities</b>	<b>\$ 45,752,985</b>

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2005

	<i>General Fund</i>	<i>Capital Projects Fund</i>	<i>Other Nonmajor Governmental Funds</i>	<b>Total</b>
<b>Revenue</b>				
Local sources	\$ 21,327,128	\$ -	\$ 10,438,619	\$ 31,765,747
State sources	68,895,323	-	34,985	68,930,308
Federal sources	2,258,164	-	129,400	2,387,564
Other	3,770,050	644,067	46,442	4,460,559
<b>Total Revenue</b>	96,250,665	644,067	10,649,446	107,544,178
<b>Expenditures</b>				
Current				
Instruction	60,358,500	-	-	60,358,500
Support services	32,109,738	-	5,634,238	37,743,976
Community services	1,085,402	-	-	1,085,402
Debt Service				
Principal	-	-	1,540,000	1,540,000
Interest and other	-	-	3,221,249	3,221,249
Capital outlay	-	16,302,736	1,648,398	17,951,134
<b>Total Expenditures</b>	93,553,640	16,302,736	12,043,885	121,900,261
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	2,697,025	(15,658,669)	(1,394,439)	(14,356,083)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	1,955,000	1,955,000
Operating transfers out	(1,955,000)	-	-	(1,955,000)
<b>Total Other Financing Sources (Uses)</b>	(1,955,000)	-	1,955,000	-
<b>Net Change in Fund Balances</b>	742,025	(15,658,669)	560,561	(14,356,083)
<b>Fund Balances, beginning of year</b>	14,669,069	54,232,234	2,664,595	71,565,898
<b>Fund Balances, end of year</b>	\$ 15,411,094	\$ 38,573,565	\$ 3,225,156	\$ 57,209,815

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2005

Net Changes in Fund Balances - Total Governmental Funds	\$ (14,356,083)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,885,818)
Capital outlay	18,920,261
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid:	
Balance, beginning of year	494,226
Balance, end of year	(485,861)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities	1,540,000
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 4,226,725</b>

*See accompanying independent auditors' report and notes to financial statements.*

# The Grosse Pointe Public School System

## Fiduciary Fund – Agency – Statement of Fiduciary Net Assets June 30, 2005

	<i>Student Activities Agency Fund</i>
<b>Assets</b>	
Cash	
Investments	\$ 2,347,502
	391,901
	<b>\$ 2,739,403</b>
<b>Liabilities</b>	
Due to student and other groups	\$ 1,791,070
Due to other funds	948,333
	<b>\$ 2,739,403</b>
<i>See accompanying independent auditors' report and notes to financial statements.</i>	

# The Grosse Pointe Public School System

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The financial statements of The Grosse Pointe Public School System (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the School District.

#### *Reporting Entity*

The School District is governed by an elected seven-member Board of Education. The Board has responsibility and control over all matters affecting the School District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relations that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

#### *District-Wide and Fund Financial Statements*

District-wide financial statements: The statement of net assets and the statement of changes in net assets report information on all of the nonfiduciary activities of the School District. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities. All the district-wide activities are considered governmental activities.

# The Grosse Pointe Public School System

## Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state sources, and certain other items are reported as general revenues.

Fund financial statements: Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### *Measurement Focus, Basis of Accounting, and Financial Presentation*

#### *District-Wide Financial Statements*

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

# The Grosse Pointe Public School System

## Notes to Financial Statements

### *Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, state and federal aid, and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are custodial in nature (assets equal liabilities) and do not report the measurement of results of operations.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of money specifically designated for the acquisition or construction of facilities, buildings, equipment, and for major remodeling and repairs. The funds are retained until the purpose for which they were created has been accomplished.

The School District's only fiduciary fund is the Agency Fund - Student Activities Fund, which accounts for assets held by the School District in a trustee capacity or as an agent.

# **The Grosse Pointe Public School System**

## **Notes to Financial Statements**

Additionally, the School District reports the following nonmajor governmental fund types:

The School District maintains a Debt Service Fund, which is used to account for property tax and other revenue legally restricted for payment of long-term debt.

The School District maintains three nonmajor governmental Special Revenue Funds, which account for the School District's Durant proceeds, technology and school service activities.

The School District maintains a nonmajor governmental Capital Projects - Sinking Fund which accounts for the proceeds and expenditures of the Sinking Fund levy which was approved in March 2004 for building and grounds repairs and maintenance.

### ***Assets, Liabilities, and Net Assets or Equity***

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

#### ***Receivables and Payables***

In general, outstanding balances between funds are reported as "due to/from other funds."

Properties are assessed as of December 1 and the related property taxes are levied, become a lien and are due on February 1. Penalties and interest begin accruing on March 1. An allowance has been established based on past collection history to provide for taxes which may be ultimately uncollectible.

# **The Grosse Pointe Public School System**

## **Notes to Financial Statements**

### ***Inventories and Prepaid Expenses***

Inventories are stated at lower of cost (first-in, first-out) or market. Inventories recorded in the general fund consist of centrally warehoused operating supplies for the School District. Inventories in the special revenue funds are composed of cafeteria food and supplies. Items are recorded as expenditures to the general fund at the time of delivery to the various departments from the central warehouse and at the time of use for other funds (consumption method).

### ***Capital Assets***

Capital Assets, which include land, construction in progress and buildings and equipment, are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset's life are not capitalized. The School District does not have infrastructure-type assets.

Buildings and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

### ***Long-term Obligations***

In the district-wide financial statements, long-term debt is reported as a liability in the statement of net assets. In the fund financial statements, governmental fund types recognize bond proceeds and bond payments during the current period.

# The Grosse Pointe Public School System

## Notes to Financial Statements

### *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

### *Use of Estimates*

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### *Comparative Data/Reclassifications*

Comparative data is not included in the School District's financial statements.

### *Budgetary Information*

The School District formally adopted General Fund, Special Revenue Funds, and a Debt Service Fund budget by function for the fiscal year ended June 30, 2005. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations lapse at year-end and encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with generally accepted accounting principles.

2. Stewardship,  
Compliance, and  
Accountability

# The Grosse Pointe Public School System

## Notes to Financial Statements

During the year ended June 30, 2005, the School District incurred expenditures in the General Fund, which were in excess of the amounts budgeted as follows:

	<i>Final Budget</i>	<i>Actual</i>
<b>General Fund</b>		
Support Services		
Operations and maintenance	\$ 13,614,570	\$ 13,883,194
Transportation	500,000	556,709
Central services	1,002,569	1,011,010

### 3. Deposits and Investments

#### *Deposits*

At June 30, 2005, the School District's (including the Fiduciary Fund) cash and cash equivalents were comprised of the following:

Checking/savings	\$ 9,616,314
Certificates of deposit	13,264,327
Petty cash	4,438
	<u>\$ 22,885,079</u>

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan that are also members of a federal or national insurance corporation.

#### *Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a formal policy for custodial credit risk. At June 30, 2005, \$22,394,636 of the District's bank balances of \$22,880,641 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 22,394,636</u>
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# **The Grosse Pointe Public School System**

## **Notes to Financial Statements**

### ***Investments***

At June 30, 2005, the District's investments were comprised of pooled investment funds at various financial institutions.

### ***Custodial Credit Risk Related to Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. The bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The bank investment pools are held by the Trust department of the bank, and regulated by the State of Michigan. The fair value of the position in the bank investment pools is the same as the value of the pool shares. Management believes the investments in the funds comply with the investment authority noted above.

### ***Interest Rate Risk***

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### ***Credit Risk***

State statutes authorize the District to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District believes its deposits are in accordance with statutory authority.

# The Grosse Pointe Public School System

## Notes to Financial Statements

### *Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer. A majority of the District's investments consists of bank investment pools that do not represent a concentration.

### 4. Capital Assets

Capital asset activity of the School District's governmental activities is as follows:

	<i>Balance</i> <i>July 1, 2004</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>June 30, 2005</i>
<b>Assets Not Being Depreciated</b>				
Land	\$ 3,613,267	\$ -	\$ -	\$ 3,613,267
Construction in progress	4,628,907	15,276,202	(1,176,579)	18,728,530
<b>Total Assets Not Being Depreciated</b>	<b>8,242,174</b>	<b>15,276,202</b>	<b>(1,176,579)</b>	<b>22,341,797</b>
<b>Capital Assets Being Depreciated</b>				
Buildings and equipment	55,199,894	4,820,638	-	60,020,532
<b>Total Capital Assets</b>	<b>63,442,068</b>	<b>20,096,840</b>	<b>(1,176,579)</b>	<b>82,362,329</b>
<b>Less Accumulated Depreciation</b>				
Buildings and equipment	(27,612,480)	(1,885,818)	-	(29,498,298)
<b>Net Capital Assets</b>	<b>\$ 35,829,588</b>	<b>\$ 18,211,022</b>	<b>\$(1,176,579)</b>	<b>\$ 52,864,031</b>

### *Construction Commitments*

At June 30, 2005, the School District has committed to expend approximately \$7,680,000 for capital improvement projects.

# The Grosse Pointe Public School System

## Notes to Financial Statements

### 5. Interfunds and Transfers

Interfund balances consist of the following:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
General Fund	\$ 948,333	\$ 4,292,867
Capital Projects Funds	5,352,236	539,408
Nonmajor Governmental Funds	2,294,041	2,814,002
Fiduciary Fund	-	948,333
	<b>\$ 8,594,610</b>	<b>\$ 8,594,610</b>

Interfund transfers consist of the following:

	<i>Transfers Out General Fund</i>
<b>Transfers In</b>	
Nonmajor Governmental Funds	\$ 1,955,000

### 6. Long-Term Obligations

The following is a summary of changes in long-term obligations for the School District for the year ended June 30, 2005:

	<i>Balance July 1, 2004</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2005</i>
2002 building and site bonds payable	\$ 59,515,000	\$ -	\$ 1,140,000	\$ 58,375,000
2001 energy bonds payable	5,860,000	-	400,000	5,460,000
<b>Total Long-Term Obligations</b>	<b>\$ 65,375,000</b>	<b>\$ -</b>	<b>\$ 1,540,000</b>	<b>\$ 63,835,000</b>

# The Grosse Pointe Public School System

## Notes to Financial Statements

Bonds payable at June 30, 2005 consisted of the following:

2002 building and site bonds due in annual principal installments of \$815,000 to \$4,160,000 through May 2027; interest at 3.00% to 5.00%	\$ 58,375,000
2001 energy bonds due in annual principal installments of \$335,000 to \$690,000 through May 2015; interest at 4.00% to 4.50%	5,460,000
<b>Total Bonds Payable</b>	<b>\$ 63,835,000</b>

The annual requirements to pay principal and interest are as follows:

<i>Year Ended June 30,</i>	<i>Total Principal</i>	<i>Total Interest</i>
2006	\$ 1,760,000	\$ 2,915,163
2007	1,980,000	2,858,163
2008	2,205,000	2,792,393
2009	2,305,000	2,717,207
2010	2,410,000	2,625,007
2011 - 2015	14,005,000	11,485,605
2016 - 2020	13,765,000	8,237,130
2021 - 2025	17,280,000	4,542,290
2026 - 2027	8,125,000	598,894
	<b>\$ 63,835,000</b>	<b>\$ 38,771,852</b>

### 7. Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions and medical benefits to employees for which the District carries commercial insurance. For medical benefits, the District pays up to \$75,000 per claim, with amounts greater than \$75,000 covered by insurance. The District is completely self-insured for both employee dental and vision claims. For workers' compensation and employer's liability, the District is self-insured for losses up to \$300,000 per claim. Losses above that amount for workers' compensation and employers liability are covered by insurance.

# The Grosse Pointe Public School System

## Notes to Financial Statements

An analysis of the estimated liability for workers' compensation, medical benefits and employee dental and vision claims (which includes claims incurred but not reported) is presented below:

	2005	2004
Balance, at beginning of year	\$ 729,365	\$ 829,381
Provision for current year claims and change in provision for prior year claims	8,567,112	9,761,113
Payments on current and prior year claims	(9,142,445)	(9,861,129)
Balance, at end of year	\$ 154,032	\$ 729,365

### 8. Defined Benefit Pension Plan

#### *Plan Description*

The School District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System in Lansing, Michigan.

#### *Funding Policy*

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

# The Grosse Pointe Public School System

## Notes to Financial Statements

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The School District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 were 12.99% prior to October 1, 2004 and 14.87% of payroll after October 1, 2004. The contribution requirements of plan members and the School District are established and may be amended by the MPSERS Board of Trustees. The School District contributions to MPSERS for the years ended June 30, 2005, 2004, and 2003 were \$9,051,736, \$8,274,795, and \$7,921,698, respectively, equal to the required contribution for each year.

The School District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

### *Other Post-Employment Benefits*

Under the MPSERS' Act, all retirees have the option of continuing health, dental and vision coverage.

### 9. Contingencies

At June 30, 2005, the District is involved in certain claims and disputes. It is the opinion of management that the resolution of these claims and disputes will not have a significant impact on the accompanying basic financial statements.

**Required Supplemental Information**

# The Grosse Pointe Public School System

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2005

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable) Variances With Final Budget</i>
<b>Revenue</b>				
Local sources	\$ 21,139,000	\$ 21,279,000	\$ 21,327,128	\$ 48,128
State sources	66,700,000	68,118,351	68,895,323	776,972
Federal sources	1,687,000	1,863,730	2,258,164	394,434
Other	4,543,000	5,867,570	3,770,050	(2,097,520)
<b>Total Revenue</b>	<b>94,069,000</b>	<b>97,128,651</b>	<b>96,250,665</b>	<b>(877,986)</b>
<b>Expenditures</b>				
Current				
Instruction				
Basic programs	52,029,188	52,981,749	51,619,509	1,362,240
Added needs	8,914,107	9,435,101	8,738,991	696,110
Support services				
Pupil	6,328,487	6,592,793	6,261,888	330,905
Instructional staff services	2,849,602	2,886,984	2,537,084	349,900
General administration	647,654	722,654	721,384	1,270
School administration	6,121,083	6,321,933	5,996,068	325,865
Business services	1,160,022	1,160,022	1,142,401	17,621
Operations and maintenance	13,064,363	13,614,570	13,883,194	(268,624)
Transportation	475,000	500,000	556,709	(56,709)
Central services	1,002,569	1,002,569	1,011,010	(8,441)
Community services	1,110,482	1,110,482	1,085,402	25,080
<b>Total Expenditures</b>	<b>93,702,557</b>	<b>96,328,857</b>	<b>93,553,640</b>	<b>2,775,217</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>366,443</b>	<b>799,794</b>	<b>2,697,025</b>	<b>1,897,231</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(1,755,000)	(1,755,000)	(1,955,000)	(200,000)
<b>Net Change in Fund Balance</b>	<b>(1,388,557)</b>	<b>(955,206)</b>	<b>742,025</b>	<b>1,697,231</b>
<b>Fund Balance, beginning of year</b>	<b>14,669,069</b>	<b>14,669,069</b>	<b>14,669,069</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 13,280,512</b>	<b>\$ 13,713,863</b>	<b>\$ 15,411,094</b>	<b>\$ 1,697,231</b>

## **Other Supplemental Information**

# The Grosse Pointe Public School System

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2005

	<i>Special Revenue Funds</i>					
	<i>Durant Proceeds</i>	<i>Technology</i>	<i>School Services</i>	<i>Capital Projects/ Sinking Fund</i>	<i>Debt Service</i>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
Investments	1,802,069	-	-	-	257,264	2,059,333
Accounts Receivable						
Property taxes net of allowance of \$373,700	-	92,113	-	129,020	174,968	396,101
Federal programs	-	-	-	-	-	-
Due from other funds	-	425,502	369,675	1,098,864	400,000	2,294,041
Inventories	-	-	12,604	-	-	12,604
Prepaid expenses	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,802,069</b>	<b>\$ 517,615</b>	<b>\$ 382,279</b>	<b>\$ 1,227,884</b>	<b>\$ 2,182,232</b>	<b>\$ 6,112,079</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 29	\$ 998	\$ 30,403	\$ -	\$ 31,430
Salaries payable	-	2,852	28,073	-	-	30,925
Accrued vacation pay	-	9,861	-	-	-	9,861
Due to other funds	1,631,767	-	346,823	-	835,412	2,814,002
Deferred revenue	-	120	303	-	162	585
Other Liabilities	-	-	-	120	-	120
<b>Total Liabilities</b>	<b>1,631,767</b>	<b>12,862</b>	<b>376,197</b>	<b>30,523</b>	<b>835,574</b>	<b>2,886,923</b>
<b>Fund Balances</b>						
Reserved						
Inventories	-	-	12,604	-	-	12,604
Debt service	-	-	-	-	1,346,658	1,346,658
Capital projects	-	-	-	1,197,361	-	1,197,361
Unreserved						
Undesignated	170,302	504,753	(6,522)	-	-	668,533
<b>Total Fund Balances</b>	<b>170,302</b>	<b>504,753</b>	<b>6,082</b>	<b>1,197,361</b>	<b>1,346,658</b>	<b>3,225,156</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,802,069</b>	<b>\$ 517,615</b>	<b>\$ 382,279</b>	<b>\$ 1,227,884</b>	<b>\$ 2,182,232</b>	<b>\$ 6,112,079</b>

# The Grosse Pointe Public School System

## Other Supplemental Information Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2005

	<i>Special Revenue Funds</i>			<i>Capital Projects/ Sinking Fund</i>	<i>Debt Service</i>	<b>Total</b>
	<i>Durant Proceeds</i>	<i>Technology</i>	<i>School Services</i>			
<b>Revenue</b>						
Local sources	\$ -	\$ 2,492,831	\$ 1,182,073	\$ 2,843,941	\$ 3,919,774	<b>\$10,438,619</b>
State sources	-	-	34,985	-	-	<b>34,985</b>
Federal sources	-	-	129,400	-	-	<b>129,400</b>
Other	34,277	1,799	3,875	1,937	4,554	<b>46,442</b>
<b>Total Revenue</b>	<b>34,277</b>	<b>2,494,630</b>	<b>1,350,333</b>	<b>2,845,878</b>	<b>3,924,328</b>	<b>10,649,446</b>
<b>Expenditures</b>						
Current						
Support services	926,247	2,052,106	2,655,766	119	-	<b>5,634,238</b>
Debt Service						
Principal	-	-	-	-	1,540,000	<b>1,540,000</b>
Interest and other	-	-	-	-	3,221,249	<b>3,221,249</b>
Capital outlay	-	-	-	1,648,398	-	<b>1,648,398</b>
<b>Total Expenditures</b>	<b>926,247</b>	<b>2,052,106</b>	<b>2,655,766</b>	<b>1,648,517</b>	<b>4,761,249</b>	<b>12,043,885</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(891,970)</b>	<b>442,524</b>	<b>(1,305,433)</b>	<b>1,197,361</b>	<b>(836,921)</b>	<b>(1,394,439)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	1,307,000	-	648,000	<b>1,955,000</b>
<b>Net Change in Fund Balances</b>	<b>(891,970)</b>	<b>442,524</b>	<b>1,567</b>	<b>1,197,361</b>	<b>(188,921)</b>	<b>560,561</b>
<b>Fund Balances, beginning of year</b>	<b>1,062,272</b>	<b>62,229</b>	<b>4,515</b>	<b>-</b>	<b>1,535,579</b>	<b>2,664,595</b>
<b>Fund Balances, end of year</b>	<b>\$ 170,302</b>	<b>\$ 504,753</b>	<b>\$ 6,082</b>	<b>\$ 1,197,361</b>	<b>\$ 1,346,658</b>	<b>\$ 3,225,156</b>